2017 ANNUAL REPORT

SIHAYO GOLD LIMITED

ABN 77 009 241 374

"BUILDING A SUCCESSFUL INDONESIAN GOLD COMPANY"

CONTENTS

CORPORATE DIRECTORY

Directors	Misha A Collins *C.F.A* (Chairman) Gavin Caudle (Non Executive Director) Stuart Gula (Non Executive Director) Malcolm Paterson (Managing Director) Daniel Nolan (Executive Director)
Chief Executive Officer	Malcolm Paterson
Company Secretary	Daniel Nolan
Registered Office and Business Address	C/-McCullough Robertson 11/66 Eagle St, Brisbane QLD 4000 Telephone: 0427 401198 Facsimile: (07) 33993172 E-mail: sihayogold@sihayogold.com Web: www.sihayogold.com
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
Home Exchange	Australian Securities Exchange Limited Level 40, Central Park 152-158 St George's Terrace Perth WA 6000
Auditors	Stantons International Audit and Consulting Pty Ltd Level 2 / 1 Walker Avenue West Perth WA 6005
Solicitors	Steinepreis Paganin Level 2, The Read Buildings West Perth WA 6000
Bankers	ANZ Banking 111 Eagle St, Brisbane, QLD. 4000

Sihayo Gold Limited is a company limited by shares, incorporated and domiciled in Australia.

CHAIRMAN'S REVIEW

Dear Fellow Shareholders,

The past twelve months has marked a period of further significant permitting progress for the Sihayo-Pungkut project with both forestry and construction permits being approved.

These developments have necessitated a refresh of the feasibility study together with bolstering the executive and staffing of the company.

Of particular significance to the company has been the appointment of Mr Malcom Paterson to the role of Chief Executive Officer. Malcolm has been responsible for an innovative development approach to the Mirah project located in Central Kalimantan which has maximised the use of local resources and expertise, together with a full "Owners Operator" approach that enabled the project to successful, efficiently and profitably operate despite some challenging issues including low head grade, high strip ratio and operation during a period of low prevailing gold and silver prices. The Sihayo Gold board could clearly see that the template applied to the Mirah Project would fit with the Sihayo-Pungkut Project and had great potential to improve profitability and return on capital.

Malcolm is now taking a similar approach to the Sihayo-Pungkut project with a refresh of the feasibility study using a team built with his expert local knowledge and network. The aim is to deliver a larger project, with lower costs but at comparable upfront capex.

We are somewhat limited in terms of what we can say until the feasibility study refresh is completed, but there is a great deal of optimism internally about how effective the new approach is likely to be.

I would again like to thank our employees, contractors and my fellow directors for their efforts over the past twelve months. I would also like to thank our shareholders and particularly our major shareholder for their ongoing support of the company.

I look forward to the next twelve months and believe we will demonstrate the Sihayo-Pungkut project has an exciting future with strong potential returns for our shareholders.

Yours Sincerely,

Misha Anthony Collins

REVIEW OF OPERATIONS

Sihayo Gold Project (75%)

The Sihayo Gold Project ("Sihayo") is held by PT Sorikmas Mining ("Sorikmas") under a 7th Generation Contract of Work ("COW") and is located in Mandailing Natal, North Sumatra, Indonesia.

The COW describes in detail the rights and obligations of both the Company and the Government during the term of the COW. Our COW is in the first year of construction having completed the three main Indonesian Government Statutory Permits.

PT Sorikmas Mining is 75% owned by Sihayo Gold Limited ("Sihayo Gold") and 25% by PT Aneka Tambang Tbk ("Antam"). Sihayo Gold is responsible for 100% of the exploration and development funding of Sorikmas until the commencement of production. The funding is by way of loans to Sorikmas and under the terms of the Loan Agreement, Antam is required to repay its share of loans to Sihayo Gold or other lenders to Sorikmas, from 80% of its attributable share of available cash flow from production, until its 25% share of the loans are repaid in full.

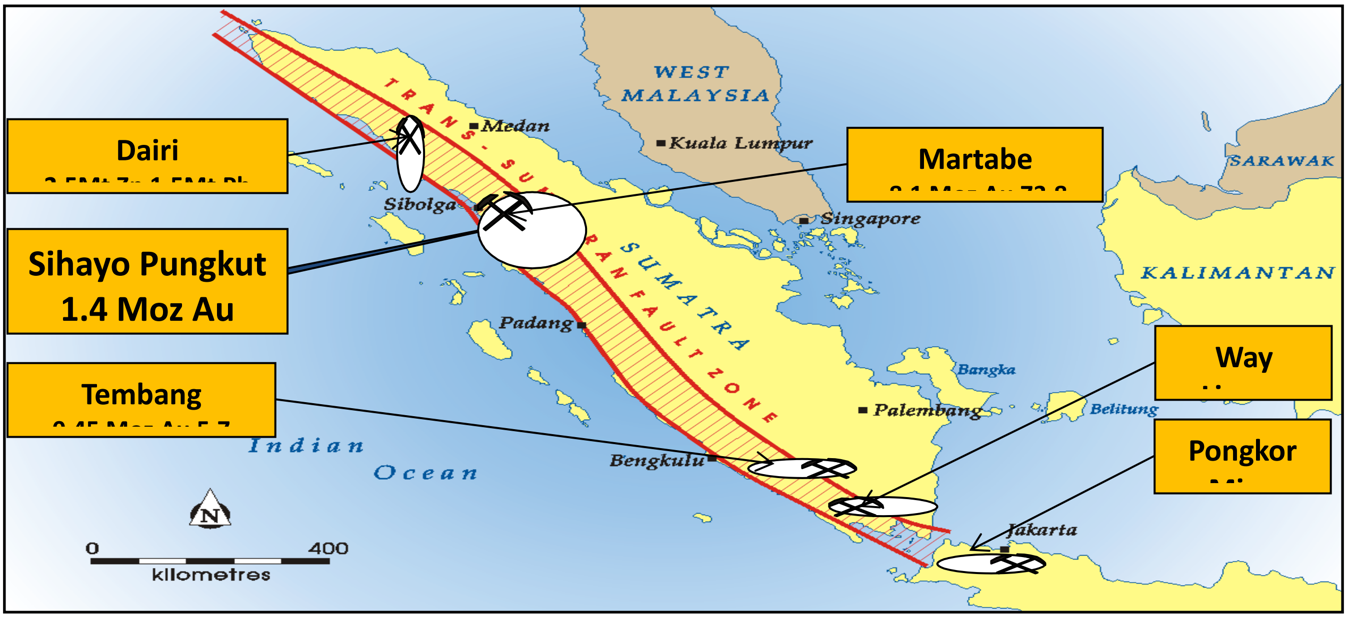

Figure 1: Significant Indonesian mineral deposits including the Sihayo Pungkut Gold Deposit

The current Sihayo JORC Code (2012 Edition) Mineral Resource Estimate, which was revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013, stands at 16.9 Mt at 2.6 g/t for 1.4 Moz comprising the larger Sihayo Resource and the smaller Sambung Resource with approximately 75% of the total resource contained within the JORC Indicated & Measured Category.[1]

Indicated and Measured Resources at Sihayo only have been converted to JORC Code (2012 Edition) Ore Reserves by Entech Pty Ltd containing 7.14Mt at 2.4g/t for 554,000oz.[2]

[1] The Sihayo and Sambung deposits Mineral Resource Estimate was previously announced June 17, 2013 and no material changes have occurred.

[2] The Sihayo Ore Reserve was previously announced January 29, 2014 and no material changes have occurred.

REVIEW OF OPERATIONS

Sihayo Pungkut – Geology

Sihayo is located along the Trans Sumatra Fault Zone ("TSFZ") and associated Neogene Magmatic Arc ("NMA"), which is the result of an oblique collision of two tectonic plates and associated subduction. A complex suite of Permian volcanics and sediments, intruded by Jurassic and Cretaceous intrusive plutons, subsequently juxtaposed or overlain by Tertiary to recent volcanics, intrusives, and sediments comprises the broader COW area.

Figure 2 shows the location of the Sihayo - Sambung Resources and key exploration prospects across the COW that support an opportunity for significant exploration targets for ongoing potential project generation.

In addition to the Sihayo Resource there are over twenty (20) identified prospects of carbonate-hosted gold, low to intermediate -sulphidation epithermal-vein gold; gold-copper skarn, copper-gold porphyry, and lead-zinc skarn style mineralisation spread across the highly prospective COW area and these prospects will be the subject of future exploration activities.

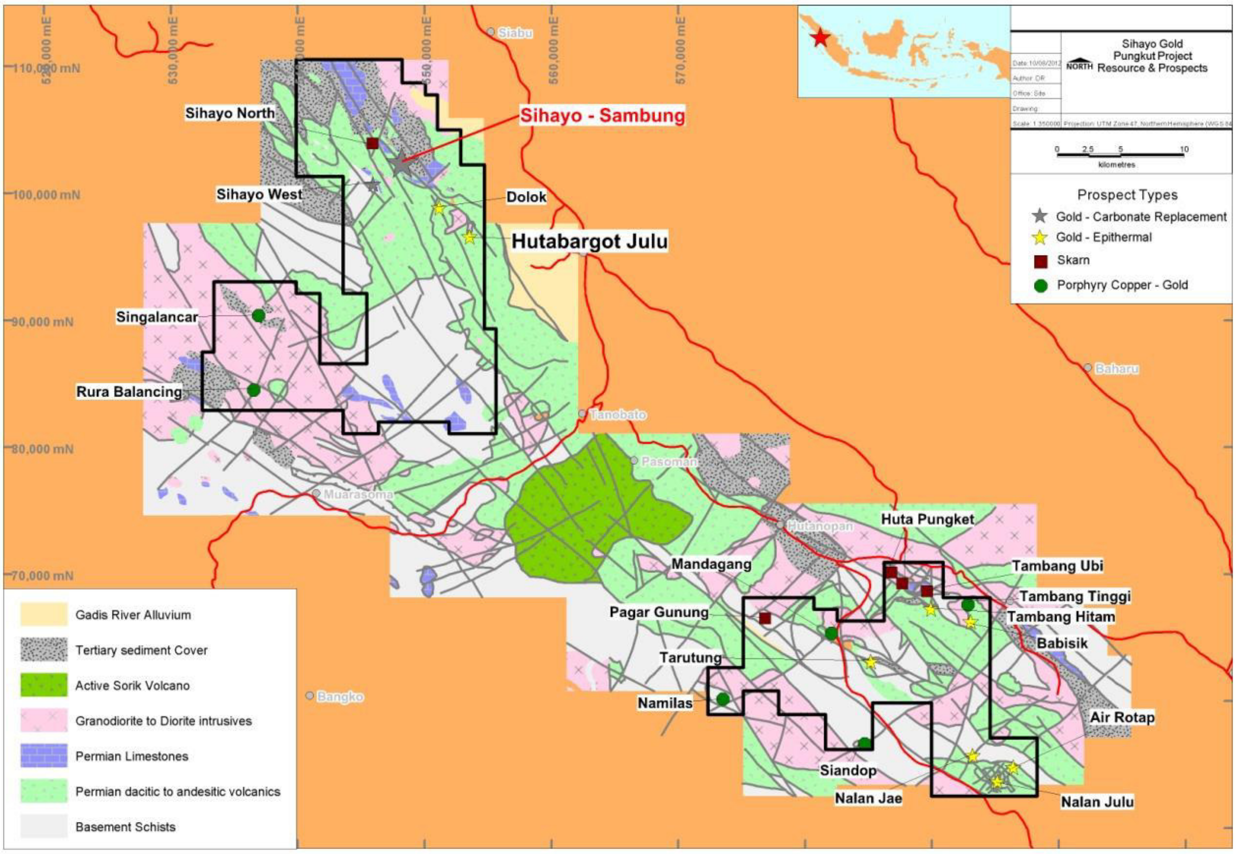

Figure 2: Sihayo Pungkut Gold Project – JORC Resource, key prospects and regional geology

REVIEW OF OPERATIONS

Resource Estimate

The Sihayo and Sambung Mineral Resource Estimates are based upon review and work undertaken by H&S Consultants Pty Ltd[1]. The relevant JORC 2012 Table 1 is available on the Company website.

Resource	*Tonnage (Mt)*	*Grade Au (g/t)*	*Contained Gold ounces*	*JORC Classification*	*Au Cut-off grade (g/t)*
SIHAYO	15.3	2.7	1,322,000	Measured & Indicated & Inferred	1.2
SAMBUNG	1.6	2.0	102,000	Measured & Indicated & Inferred	1.2
TOTAL	16.9	2.6	1,424,000	Measured & Indicated & Inferred	1.2

"Above figures may not sum due to rounding. Significant figures do not imply an added level of precision"

Table 1: JORC Code (2012 Edition) Mineral Resource Estimate revised by Helman & Scholfield Consultants Pty Ltd (H&SC) in June 2013[1]

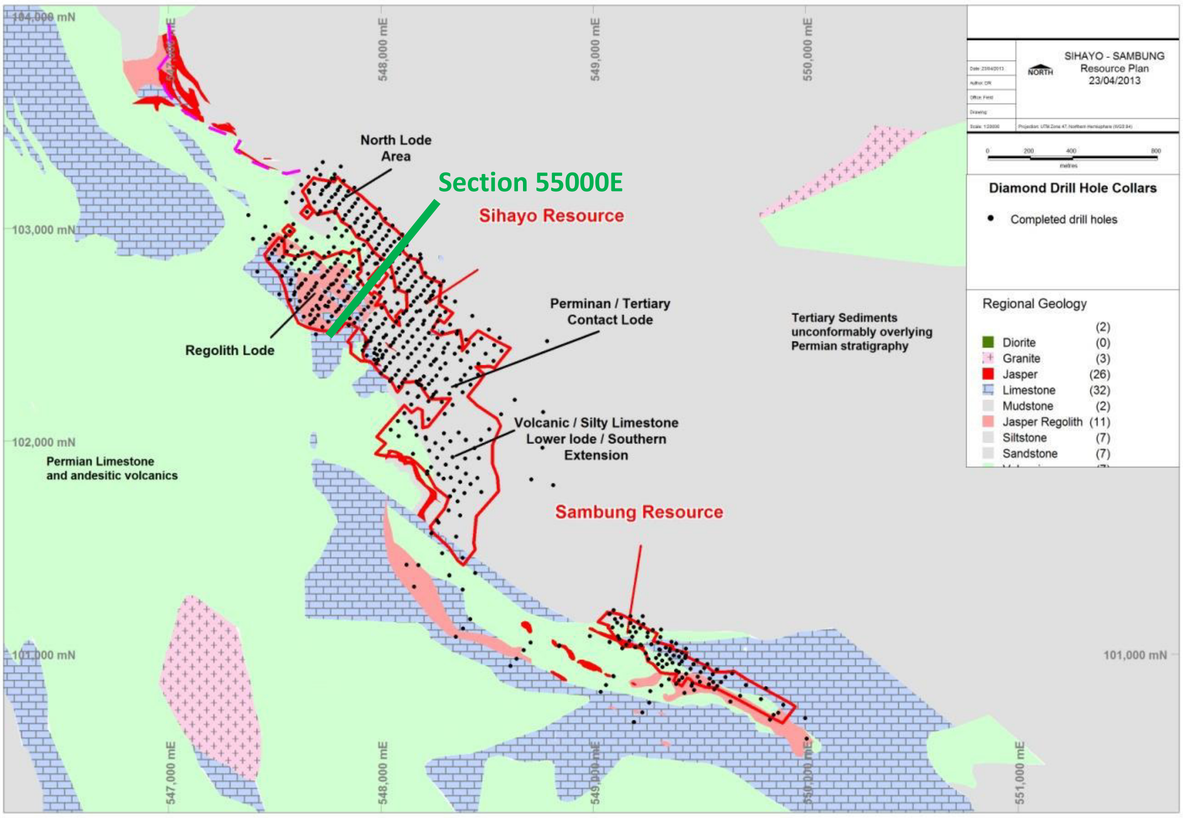

Figure 3: Sihayo-Sambung Resources Location Plan

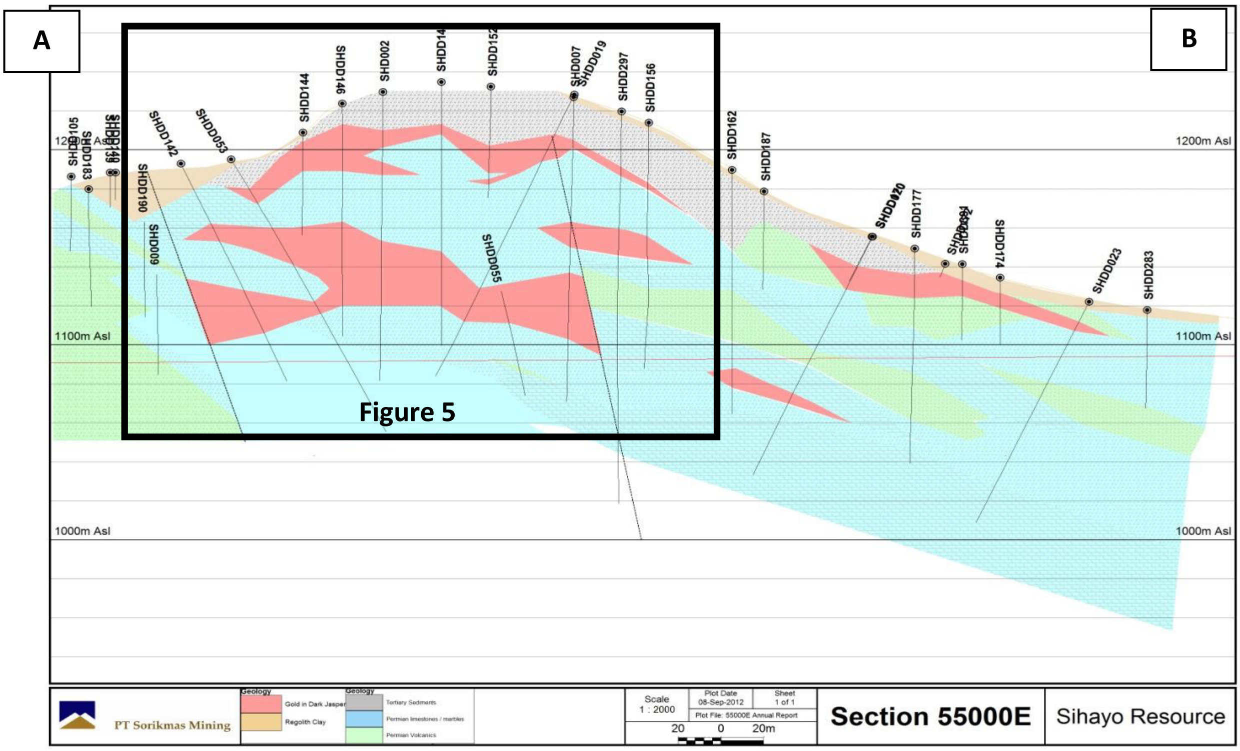

Figure 4: Geology Cross Section 55000E of Sihayo Resource looking NW

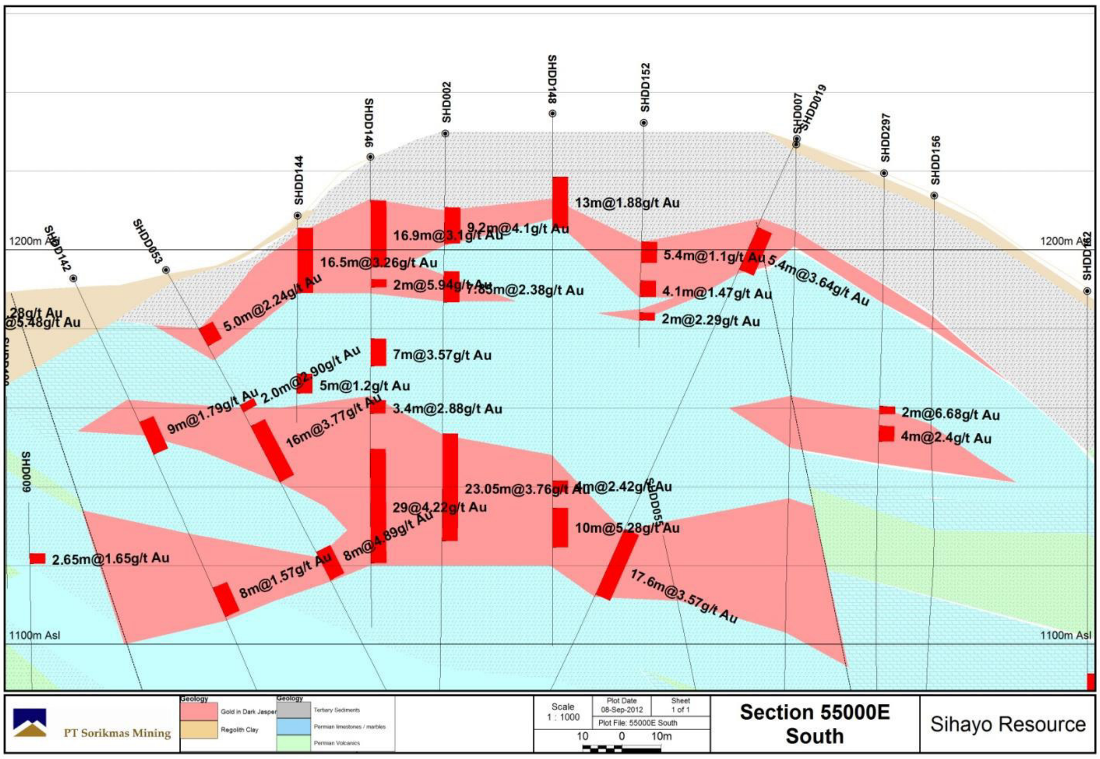

Figure 5: Enlargement of cross section 55000E shows significant gold intercepts.

REVIEW OF OPERATIONS

Feasibility Study

The Sihayo "Maiden" Ore Reserve and Feasibility Study completion was announced on January 29, 2014 and no material changes have occurred to date.

Indicated and Measured Resources have been converted to Probable and Proved Ore Reserves by Entech Pty Ltd. The relevant JORC 2012 Table 1 is available on the Company website.

Resource	*Tonnage (Mt)*	*Grade Au (g/t)*	*Contained Gold ounces*	*Resource Category*
SIHAYO	**2.43**	**2.4**	**90,000**	**Proved**
	4.71	**2.4**	**363,000**	**Probable**
TOTAL	**7.14**	**2.4**	**554,000**	**Proved & Probable**

"Calculations have been rounded to the nearest 1,000t, 0.1 g/t grade and 1,000oz metal"

Table 2: JORC Code (2012 Edition) Sihayo Ore Reserves prepared by Entech Pty Ltd (January 2014)[2]

The January 2014 Feasibility Study was based on a gold price of $1400/oz, which proved to be optimistic in the ensuing period and reduced the capacity to attract funding to complete the project.

An update of the Feasibility Study is presently underway to include several significant changes to improve the project economics, including:

- Doubling the production rate to 80,000 – 100,000 oz per year,
- Reducing tailings and waste disposal costs by backfilling mined out pits,
- Owner operation for mining, drilling and laboratory service,
- Simplified plant design to reduce capital,
- Inclusion of cyanide recovery and detox technology using the RECYN process to reduce operating costs.

The updated study is expected to be completed by December 2017.

Permitting and Approvals

The status of the COW is now in the first year of construction and the Company expects to complete construction within the permitted three year period providing the updated FS is successful.

The three key Indonesian Government approvals, Feasibility Study, AMDAL (Environmental) and Forestry are now complete, although updates or Addendums will be required to comply with the proposed changes.

Corporate Social Responsibility (CSR) Programmes

Ahead of the potential project development the Company has continued to engage local Stakeholders associated with Government permitting and approvals.

As the project progress into construction and operation, the Company remains committed to the delivery of CSR programs in line with our Strategy.

Other Projects

India – Diamond Exploration (9-10%)

No progress was made during the year in resolving the legal status of the tenements.

Mount Keith Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

Mulgabbie Gold Project – Western Australia (2% net smelter royalty)

No mining was undertaken on the project during the year.

Competent Persons Statements

Sihayo Resource

Information that relates to Mineral Resource Estimates at the Sihayo project is based on information compiled by or under the supervision of Mr Robert Spiers, who was an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Spiers is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Sihayo deposit was estimated by H&S Consultants using Ordinary Kriging constrained by mineralisation envelopes prepared using a nominal 0.3g/t gold cut-off grade as put forth by the Sorikmas Mining Ltd. A down-hole intercept length of 1m was adopted for modelling and the primary block dimensions used in the Sihayo model were 12.5m EW by 12.5m NS by 2.5m vertical. Bulk density was estimated as an attribute of the modelling process and was assigned to the modelling data prior to modelling via a matrix which characterised bulk density based on sample lithological attributes and oxidation state from a data set of 609 bulk density determinations. Historical bulk density sampling outcomes were not employed.

Sambung Resource

Information that relates to Mineral Resource Estimates at the Sambung project is based on information compiled by or under the supervision of Mr Luke A Burlet, who is an independent consultant and Director of H&S Consultants to Sorikmas Mining Ltd. Mr Burlet has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and an Independent Qualified Person as defined in the Canadian National Instrument 43-101 (standards of Disclosure for Mineral Projects). Mr Burlet is a Member of the Australian Institute of Geoscientists and a full time employee of H&S Consultants. Mr Burlet consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Sihayo Reserve

Information that relates to Ore Reserves at Sihayo is based on information compiled by or under the supervision of Mr Shane McLeay, who is a Principal Mining Engineer at Entech Pty Ltd and provided to PT Sorikmas Mining. Mr McLeay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as an Independent Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and a full time employee of Entech Pty Ltd. Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note

All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Sihayo Gold Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Sihayo Gold Limited ("Sihayo Gold", or" the Company") and the entities it controlled at the end of, or during the year ended 30 June 2017 ("the reporting period").

DIRECTORS

The following persons were directors of Sihayo Gold during the financial year and up to the date of this report:

Misha Collins - Chairman
Gavin Caudle - Non Executive Director
Stuart Leslie Gula - Non Executive Director (Resigned as Chief Executive Officer & Managing Director on 14 February 2017)
Daniel Garry Nolan - Executive Director, Chief Financial Officer, Company Secretary
Malcolm Paterson - Managing Director& Chief Executive Officer (Effective from 01 June 2017)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the continuing development of the Sihayo Pungkut Gold project. There were no significant changes in the nature of those activities during the financial year.

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year and no dividend is recommended in respect of this financial year.

REVIEW OF OPERATIONS

The review of operations is detailed at pages 5-10

OPERATING RESULTS

During the financial year the consolidated entity incurred a consolidated operating loss after income tax of $1,315,522 (2016: $2,542,637).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity for the 2017 financial year.

EMPLOYEES

The consolidated entity employed 25 employees as at 30 June 2017 (2016: 24 employees)

CORPORATE STRUCTURE

The Company has 1,699,740,648 ordinary shares on issue as at the date of this report.

The corporate group consists of the parent entity Sihayo Gold Limited, its 100% owned subsidiaries Inland Goldmines Pty Ltd, Excelsior Resources Pty Ltd, Oropa Technologies Pty Ltd, Oropa Indian Resources Pty Ltd, Oropa Exploration Pty Ltd and Aberfoyle Pungkut Investments Pte Ltd.

Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang Tbk holding the remaining 25%.

LIKELY FUTURE DEVELOPMENTS
Details of important developments occurring in this current financial year have been covered in the review of operations.

Further information on likely developments in the operations of the consolidated entity and the expected results have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

FINANCIAL POSITION
The net assets of the consolidated entity as at 30 June 2017 are $12,313,327 (2016: $8,387,484).

ENVIRONMENTAL REGULATION
The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

INFORMATION ON DIRECTORS
Details of the directors of the Company in office at the date of this report are:

Misha A Collins
Chairman

Experience and expertise
Mr Collins has 20 years of experience in financial markets with particular emphasis on gold and mining business analysis and evaluation. Mr Collins was employed by BT Funds Management for an 11 year period as an equity analyst covering both domestic and international markets together with the formulation of capital market strategies and commodity forecasting. Mr Collins currently operates his own investment and technical consulting business and acts as Adviser to a Malaysian based Gold and Silver investment fund.

Mr Collins holds a Bachelor of Engineering in Metallurgy, graduating with First Class Honours from the RMIT University, a Graduate Certificate in Banking and Finance from Monash University and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australia. He also completed the CFA program with the US based CFA Institute and has been awarded the Chartered Financial Analyst designation (CFA).

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
Ask Funding Limited

Special responsibilities
Audit Committee chairman

Interests in shares and options
23,766,404 ordinary shares in Sihayo Gold Limited

Gavin Caudle
(Non Executive Director)

Experience and expertise
Mr Caudle has over 25 years experience in the finance and investment sectors in Australia, Singapore and Indonesia. Starting his career at Arthur Andersen Australia, he eventually became a partner based in the Jakarta office. He joined Citigroup in 1998 in Indonesia and held positions as Head of Mergers & Acquisition and Head of Private Equity at Citigroup and Country Head of the Investment Bank at Salomon Smith Barney.

Since 2003, together with his partners, Gavin has developed numerous successful businesses including Tower Bersama Group (a listed telecommunications infrastructure business), Merdeka Copper & Gold (an Indonesian listed mining Company and Provident Agro (a listed plantation business) with assets valued at more than $4 billion today.

Gavin and his partners bring substantial expertise in dealing with all business aspects in Indonesia, most importantly for Sihayo being:

- Track record of raising more than US$3 billion of senior, mezzanine and equity capital over the past 10 years; and
- Expertise in dealing with forestry issues through the ownership of a substantial plantation business.
- Expertise in dealing with mining related issues through the ownership of substantial shareholdings in Sumatra Copper and Gold Limited, Finders Resources Limited and PT Merdeka Copper Gold Tbk.

Directorships of Other ASX Listed Companies
Sumatra Copper and Gold Limited
Finders Resources Limited

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Special responsibilities
Audit Committee member

Interests in shares and options
6,613,984 ordinary shares (held directly)
481,358,480 ordinary shares (held indirectly)

Stuart Leslie Gula
(Non Executive Director)

Experience and expertise
Mr Gula has over 25 years management experience in the mining sector in Australia, North America, Africa and Asia. Among many other achievements, his experience includes successful construction completion, commissioning and production of two gold projects in China and Africa and has successfully participated in varied levels of management on feasibility studies for many other projects. Prior to joining Sihayo Gold, he held the position of Group General Manager, Mining - North America for Nyrstar. Nyrstar is a European based integrated metals and mining company with a market capital in excess of USD 1 billion. Mr Gula holds a Bachelors degree in Engineering (mining major) and a Masters of Business Administration (Technology Management).

Information on Directors (continued)

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
1,033,269 ordinary shares (held indirectly)

Malcolm Paterson (appointed on 01 June 2017)
BSc. (Hons) Eng. Met., F. Aus IMM
(Chief Executive Officer & Managing Director of Sihayo Gold Limited)

Malcolm has over forty-five years post graduate experience in the international minerals industry in project development, operations, engineering and company management.

Prior to joining Sihayo he was CEO of PT Kasongan Bumi Kencana (KBK), part of the Pelsart Group. This position involved rebuilding the company organisation structure and management systems to provide the in-house capability to develop and operate mining projects. The Mirah Gold/Silver Project was successfully commissioned in 2012 and further projects are in the development stage, including the remake of the Mt. Muro Project, presently being commissioned.

Malcolm was also responsible for the establishment of Green Gold Technology, a company specialising in Resin technology for the recycling of cyanide and detoxification of gold plant tailings.

Directorships of Other ASX Listed Companies
None

Former ASX Listed Companies Directorships in last 3 years
No former directorships

Interests in shares and options
None

Daniel Garry Nolan
(Executive Director, Chief Financial Officer, Company Secretary)

The company secretary is Mr Daniel Garry Nolan. Mr Nolan was appointed to the position of company secretary on 1 July 2011. Mr Nolan has worked in finance and accounting for more than 30 years. He has held senior finance positions in Australia, Cambodia, Vietnam and Indonesia. Immediately before joining Sihayo he held senior management roles in the Saratoga Group in Indonesia. Prior to that, he was a senior finance executive at Telstra for 10 years in Australia, Cambodia and Indonesia. Mr Nolan holds a Bachelor of Business from Monash University and a Certificate in Governance and Risk Management from The Governance Institute of Australia

Interests in shares and options
4,350,919 ordinary shares (held indirectly)

Information on Directors (continued)

MEETINGS OF DIRECTORS

The following tables set out the number of meetings of the Company's directors held during the year ended 30 June 2017, and the number of meetings attended by each director. (Note that meeting attendance may have been completed via telephone conferencing).

Directors' meeting:

	Number eligible to attend	Number Attended
M Collins	3	3
Gavin Caudle	3	3
S Gula	3	3
D Nolan	3	3
M Paterson	1	1

Audit committee meeting:

	Number eligible to attend	Number Attended
M Collins	2	2
Gavin Caudle	2	2
D Nolan	2	2

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The full board of Sihayo Gold act as as the Remuneration Committee at the date of this report

The responsibilities and functions of the Remuneration Committee are as follows:

1) review the competitiveness of the Company's executive compensation programs to ensure:
   (a) the attraction and retention of corporate officers;
   (b) the motivation of corporate officers to achieve the Company's business objectives; and
   (c) the alignment of the interests of key leadership with the long-term interests of the Company's shareholders.
2) review trends in management compensation, oversee the developemnt of new compensation plans and, when necessary, approve the revision of existing plans;
3) review the performance of executive management;
4) review and approve Chairperson and Chief Executive Officer goals and objectives, evaluate Chairperson and Chief Executive Officer performance in light of these corporate objectives, and set Chairperson and Chief Executive Officer compensation levels consistent with Company philosophy;
5) approve the salaries, bonus and other compensation for all senior executives, the committee will recommend appropriate salary, bonus and other compensation to the Board for approval;
6) review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management;
7) review and approve the awards made under any executive officer bonus plan, and provide an appropriate report to the Board;
8) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the committee under those plans, including making and authorising grants, in accordance with the terms of those plans; and
9) review periodic reports from management on matters relating to the Company's personnel appointments and practices.

Principles used to determine the nature and amount of remuneration

- Non-executive directors receive fees in cash. The fees are fixed and approved by shareholders.
- Where non-executive directors provide services in their area of expertise they receive payment at normal commercial rates.
- There are no executives (other than directors) with authority for strategic decision making and management.
- The remuneration of the directors is not linked directly to the performance of the Company.

Details of remuneration

Details of the remuneration of key management personnel and related parties of Sihayo Gold Limited, including their personally related entities are set out below for the year ended 30 June 2017. There have been no changes to the below named key management personnel since the end of the reporting period unless noted :

2017	**Short-term**		**Post Employment**		**Long Term**		**Equity**	**Total $**	**Total Remuneration represented by options**
Name	**Cash Salary & Fees**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Incentive Plans**	**LSL**	**Share based payment**		
M Collins	65,000	2,220	-	-	-	-	-	67,220	-
G Caudle	45,000	1,537	-	-	-	-	-	46,537	-
D Nolan	36,000	410	-	-	-	-	-	36,410	-
S Gula	233,753	7,984	-	-	-	-	-	241,737	-
M Paterson	35,000	1,195	-	-	-	-	-	36,195	-
	414,753	**13,346**	-	**-**	**-**	**-**	**-**	**428,099**	**-**

(a) $ 65,000 in directors fees was paid to M Collins as at 30 June 2017.
(b) $ 326,250 in directors fees was payable as at 30 June 2017 to G Caudle for fees for the year ended 30 June 2017 and in lieu of previous years directors fees.
(c) $ 36,000 salary was paid to D Nolan for the year ended 30 June 2017.
(d) $ 233,753 salary was paid to Stuart Gula for the year ended 30 June 2017. He resigned on 14 February 2017.
(e) $ 35,000 salary was paid to Malcolm Paterson for the year ended 30 June 2017. He was appointed on 01 June 2017.
(f) $13,346 non monetary benefit is related to Director and Officers Liability Insurance.

2016	**Short-term**		**Post Employment**		**Long Term**		**Equity**	**Total $**	**Total remuneration represented by options**
Name	**Cash Salary & Fees**	**Non Monetary Benefits**	**Super-annuation**	**Retirement Benefits**	**Incentive Plans**	**LSL**	**Share based payment**		
M Collins	65,000	1,565	-	-	-	-	-	66,565	-
G Caudle	45,000	1,084	-	-	-	-	-	46,084	-
D Nolan	36,000	265	-	-	-	-	-	36,265	-
S Gula	367,504	8,148	-	-	-	-	-	375,652	-
	513,504	**11,062**	**-**	**-**	**-**	**-**	**-**	**524,566**	**-**

(a) $ 65,000 in directors fees was paid to M Collins as at 30 June 2016.
(b) $ 281,250 in directors fees was payable as at 30 June 2016 to G Caudle for fees for the year ended 30 June 2016 and in lieu of previous years directors fees.
(c) $ 36,000 salary was paid to D Nolan for the year ended 30 June 2016.
(d) $ 367,504 salary was paid to Stuart Gula for the year ended 30 June 2016.
(e) $11,062 non monetary benefit is related to Director and Officers Liability Insurance.

REMUNERATION REPORT (AUDITED) (continued)

No options granted as part of remuneration during the years ended 30 June 2017 and 30 June 2016. There were no shares issued on exercise of compensation options (Consolidated) for the years ended 30 June 2017 or 30 June 2016.

Option holdings of key management personnel

The number of options over ordinary shares in the Company held during the financial year by each director of Sihayo Gold Limited, including their personally-related entities, are set out below.

						Vested at 30 June 2017	
30 June 2017	**Balance at beginning of year 1 July 16**	**Granted as remuneration**	**Options exercised**	**Net change other**	**Balance at end of year 30 June 17**	**Total**	**Exercisable**
M Collins	-	-	-	-	-	-	-
S Gula	-	-	-	-	-	-	-
D Nolan	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-
M Paterson	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

						Vested at 30 June 2016	
30 June 2016	**Balance at beginning of year 1 July 15**	**Granted as remuneration**	**Options exercised**	**Net change other**	**Balance at end of year 30 June 16**	**Total**	**Exercisable**
M Collins	-	-	-	-	-	-	-
S Gula	1,000,000	-	-	(1,000,000)*	-	-	-
D Nolan	-	-	-	-	-	-	-
G Caudle	-	-	-	-	-	-	-
	1,000,000	-	-	**(1,000,000)**	-	-	-

*These options expired on 1 October 2015

Shareholdings of Key Management Personnel

The number of shares held in the Company during the financial year by each key management personnel of Sihayo Gold Limited, including their personally-related entities, are set out below:

	Balance 1 July 16		Granted as remuneration		On exercise of options		Net change other	Balances as at date of resignation/ termination		Balance 30 June 17	
30 June 2017	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**	**Pref**	**Ord**
M Collins	14,529,574	-	-	-	-	-	20,161,830	-	-	-	34,691,404
G Caudle	155,435,368	-	-	-	-	-	332,537,096	-	-	-	487,972,464
S. Gula	133,269	-	-	-	-	-	900,000	-	-	-	1,033,269
D. Nolan	4,250,919	-	-	-	-	-	100,000	-	-	-	4,350,919
M. Paterson	-	-	-	-	-	-	-	-	-	-	-

REMUNERATION REPORT (AUDITED) (continued)

	Balance 1 July 15		Granted as remuneration		On exercise of options		Net change other		Balances as at date of resignation/ termination		Balance 30 June 16
30 June 2016	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord
M Collins	14,529,574	-	-	-	-	-	-	-	-	-	14,529,574
G Caudle	155,435,368	-	-	-	-	-	-	-	-	-	155,435,368
S. Gula	133,269	-	-	-	-	-	-	-	-	-	133,269
D. Nolan	4,250,919	-	-	-	-	-	-	-	-	-	4,250,919

DIRECTORS AGREEMENTS

Whilst no formal agreements have been entered into between the Company or previous agreements have expired and each of its Directors excluding Malcolm Paterson, annual Director remuneration, as disclosed below, has been Board approved. Malcolm Paterson's terms and conditions are detailed in his employment agreement dated 28/05/2017.

Name	Remuneration Per Annum (AUD) plus Allowance
Misha Collins	65,000
Stuart Leslie Gula	45,000
Daniel Garry Nolan	36,000
Gavin Caudle	45,000

Malcolm Paterson was appointed as Chief Executive Officer & Managing Director by Group's subsidiary PT Sorikmas Mining on 1 June 2017. As per his employment contract his gross annual salary is $ 420,000 per annum with 3 month notice of termination by either party.
The company shall issue 50 million options after 6 months of appointment date. The options will be exercisable at AUD 0.03 and will vest as follows:

- 10 million will vest upon financial close of project financing and construction commencement of the Sihayo Pungkut Project; and
- 40 million at project completion of the Sihayo Pungkut Project

END OF REMUNERATION REPORT

Directors and Officers Insurance
During the year $ 13,346 was paid for Directors and officeholders insurance, covering all directors and officeholders.
The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

DIRECTORS' REPORT

SHARES UNDER OPTION

Unissued ordinary shares of Sihayo Gold Limited under option at the date of this report are as follows:

- As at the end of the reporting period, there were no listed options for Sihayo Gold Ltd shares on the Australian Securities Exchange.

WORKING CAPITAL LOAN

Total working capital loan from Provident Minerals Ltd was USD 200,000 with 10% interest per annum accrued daily and compunded monthly.

PROCEEDINGS ON BEHALF OF COMPANY

No person entitled to exercise any of the options has any right, by virtue of the options, to participate in any share issue of any other body corporate.

The names of all persons who currently hold options, granted at any time, are entered in the register kept by the Company pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings.

The Company was not party to any such proceedings during the year.

On 21 September 2017, the Company announced that the Prospectus had been sent to Shareholders to issue a maximum of 154,521,879 shares to raise AUD $2,163,306. The offer was made as a non-renounceable entitlement issue of one (1) share for every eleven (11) shares held by Shareholders registered at the Record Date at an issue price of $0.014 per Share. All the shares offered under the prospectus will rank equally with the shares on issue at the date of the prospectus.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription ($)	%
1.	Expenses of the Offer	130,859	6.05%
2.	Repayment of loans	264,852	12.24%
3.	Feasibility Study Review	1,503,019	69.48%
4.	Working Capital	264,578	12.23%
	Total	**2,163,306**	**100%**

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is located at the Company's Website:
http://www.sihayogold.com/view/about-us/corporate-governance

NON-AUDIT SERVICES

There were no non-audit services undertaken by Stantons International during the financial year.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Signed in accordance with a resolution of the Board of Directors.

Misha Anthony Collins
Chairman

29 September 2017

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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29 September 2017

The Directors
Sihayo Gold Limited
c/- Mccullough Robertson
Level 11
66 Eagles Street
BRISBANE, QLD 4000

Dear Sirs

RE: SIHAYO GOLD LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sihayo Gold Limited.

As Audit Director for the audit of the financial statements of Sihayo Gold Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Other revenue	3	528	767
Total revenue		528	767
Corporate secretarial expenses		(49,430)	(57,204)
Depreciation and amortisation	5	(57,736)	(145,078)
Employee benefits expense		(607,933)	(471,371)
External consultancy expenses		(604,998)	(318,011)
Insurance expense		(3,375)	(14,813)
Rental expense	3(a)(i)	(2,291)	(2,373)
Finance costs	3(a)(ii)	(96,935)	(483,085)
Gain on Derivative Liability	3(a)(ii)	725,554	
Travel and entertainment expenses		(21,779)	(36,574)
Provision for impairment of capitalised exploration and evaluation costs	6(a)(ii)	-	-
Other expenses		(597,127)	(1,014,895)
Loss before income tax	3(a)	(1,315,522)	(2,542,637)
Income tax expense	3(b)	-	-
Net loss		**(1,315,522)**	**(2,542,637)**
Other comprehensive income			
Items that will never be classified to profit or loss		-	-
Items that may be classified to profit or loss			
Movement in foreign currency translation reserve		(453,255)	(3,297,439)
Other comprehensive loss for the year, net of tax		**(453,255)**	**(3,297,439)**
Total comprehensive (loss) for the year		**(1,768,777)**	**(5,840,076)**
Loss after income tax attributable to:			
Members of Sihayo Gold Limited		(875,503)	(813,033)
Non controlling interest		(440,019)	(1,729,604)
		(1,315,522)	**(2,542,637)**
Comprehensive loss after income tax attributable to:			
Members of Sihayo Gold Limited		(567,588)	(4,045,049)
Non controlling interest		(1,201,189)	(1,795,027)
		(1,768,777)	**(5,840,076)**
Basic/diluted loss per share in cents	20	(0.06)	(0.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjuction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	19	834,757	27,720
Trade and other receivables	4	203,125	290,042
TOTAL CURRENT ASSETS		**1,037,882**	**317,762**
NON-CURRENT ASSETS			
Other assets	6	12,878,780	13,295,317
Property, plant and equipment	5	83,964	145,337
TOTAL NON-CURRENT ASSETS		12,962,744	13,440,654
TOTAL ASSETS		**14,000,626**	**13,758,416**
CURRENT LIABILITIES			
Trade and other payables	7	862,800	645,898
Borrowings	9	261,510	4,214,663
Provisions	8	26,900	26,900
Other liabilities		57,516	57,920
TOTAL CURRENT LIABILITIES		**1,208,726**	**4,945,381**
NON-CURRENT LIABILITIES			
Provisions	8	478,573	425,551
TOTAL NON-CURRENT LIABILITIES		478,573	425,551
TOTAL LIABILITIES		**1,687,299**	**5,370,932**
NET ASSETS		**12,313,327**	**8,387,484**
SHAREHOLDERS' EQUITY			
Parent entity interest:			
Contributed equity	10	107,220,628	101,526,008
Reserves	11(a)	13,377,103	13,069,188
Accumulated losses	11(b)	(99,144,809)	(98,269,306)
Total parent entity interest		21,452,922	16,325,890
Non-controlling interest in controlled entities	18(b)	(9,139,595)	(7,938,406)
TOTAL SHAREHOLDERS' EQUITY		**12,313,327**	**8,387,484**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to creditors and suppliers & employees		(1,495,623)	(1,598,698)
Interest received		528	767
NET CASH FLOWS (USED) IN OPERATING ACTIVITIES	19(b)	**(1,495,095)**	**(1,597,931)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		-	-
NET CASH RECEIVED / (USED) IN INVESTING ACTIVITIES		**-**	**-**
CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,976,981	-
Repayment of borrowings		(3,625,538)	
Proceeds from borrowings		233,454	466,908
Proceeds from convertible notes		-	1,119,429
Payment of unmarketable securities		(404)	(1,690)
Cost of shares issue		(282,361)	-
NET CASH FLOWS RECEIVED FROM FINANCING ACTIVITIES		**2,302,132**	**1,584,647**
Net increase/ (decrease) in cash and cash equivalents held		807,037	(13,284)
Effects of exchange rate changes on cash		-	-
Cash and cash equivalents at the beginning of the financial year		27,720	41,004
Cash and cash equivalents at the end of the financial year	19	**834,757**	**27,720**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	$ Share Capital & shares to be issued	$ Options & Equity Reserve	$ FX Reserve	$ Accum Losses	$ Non Controlling Interest	$ Total
Balance as at 1.7.15	101,446,160	2,380,395	13,920,809	(97,456,273)	(6,143,379)	14,147,712
Total comprehensive loss for the year	-	-	-	(813,033)	(1,729,604)	(2,542,637)
Other comprehensive income: Movement in foreign currency translation reserve	-	-	(3,232,016)	-	(65,423)	(3,297,439)
Total comprehensive loss	-	-	(3,232,016)	(813,033)	(1,795,027)	(5,840,076)
Issue of shares (net of transactions costs)	79,848	-	-	-	-	79,848
Balance at 30.06.16	**101,526,008**	**2,380,395**	**10,688,793**	**(98,269,306)**	**(7,938,406)**	**8,387,484**
Balance at 1.7.16	101,526,008	2,380,395	10,688,793	(98,269,306)	(7,938,406)	8,387,484
Total Comprehensive loss for the year	-	-	-	(875,503)	(440,019)	(1,315,522)
Other comprehensive loss: Movement in foreign currency translation reserve	-	-	307,915	-	(761,170)	(453,255)
Total comprehensive loss	-	-	307,915	(875,503)	(1,201,189)	(1,768,777)
Issue of shares (net of transaction costs)	5,694,620	-	-	-	-	5,694,620
Balance at 30.06.17	**107,220,628**	**2,380,395**	**10,996,708**	**(99,144,809)**	**(9,139,595)**	**12,313,327**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial statements cover Sihayo Gold Limited and its controlled entities, and has authorised for issue in accordance with a resolution of the Directors on 29 September 2017. Sihayo Gold Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to Sihayo Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. Sihayo Group does not plan to adopt these standards early.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting year. The group's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018)

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

  Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group’s recognition of leases and disclosures.

▪ AASB 2014-10*: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods commencing on or after 1 January 2018).

  This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3: *Business Combinations* to an associate or joint venture and requires that:

  - a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
  - the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
  - any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

New and amended standards adopted by the Group

The group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2016 but determined that their application to the financial statements is either not relevant or not material.

a) Going Concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate. The directors are confident that the Group will be able to maintain sufficient levels of working capital to continue as a going concern and continue to pay its debts as and when they fall due.

For the year ended 30 June 2017, the Group incurred a loss before tax of $1,315,522 (2016: loss of $2,542,637) and has a working capital deficit of $170,844 (2016: $4,627,619). The Group has cash and cash equivalents of $834,757 (2016:27,720) and current liabilities of $1,208,726 which includes borrowings of $261,510.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- The current cash of the Group relative to its fixed and discretionary commitments;
- The contingent nature of certain of the Group's project expenditure commitments;
- The ability of the Group to terminate certain agreements without any further on-going obligation beyond what has accrued up to the date of termination;
- The underlying prospects for the Group to raise funds from the capital markets; and
- The fact that future exploration and evaluation expenditure are generally discretionary in nature (ie. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same). Subject to meeting certain expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Going Concern (continued)

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Should the Group be unable to undertake the initiatives disclosed above, there is uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Sihayo Gold Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets.

Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

c) Business Combinations

The purchase method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The cost of a business combination is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Business Combinations (continued)

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

d) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.
The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Property, plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

Depreciation
The depreciable amount of all Property, Plant and Equipment (other than Leasehold Improvements and certain plant and equipment which are based on the prime cost method) is based on the diminishing value method over their useful lives to the Company commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 2.5% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

f) Acquistion of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

g) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the areas have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Exploration and Evaluation Expenditure (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.
Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.
Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.
Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

i) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

j) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Interests in Joint Arrangements (continued)

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

k) Functional and Presentation Currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

l) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical costs continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cashflow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

m) Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and Liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange rate differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

n) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the sale of assets is recognised at the date that the contract is entered into. All revenue is stated net of the amount of goods and services tax (GST)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

p) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

q) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.
Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

s) Share Based Payment Transactions

The group provides benefits to the directors and senior executives in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with directors is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black- Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Sihayo Gold Limited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Share Based Payment Transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the market conditions are fulfilled.
The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that in the opinion of the directors will ultimately vest. The opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

t) Trade and Other Receivables

CURRENT
All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

u) Trade and Other Receivables

NON-CURRENT
All debtors that are not expected to be received within 12 months of reporting date are included in non-current receivables. Collectability of non-current receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

v) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Operating Leases

Operating lease payments are charged to the Statement of comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

x) Significant Accounting Judgements, Estimates and Assumptions

Significant accounting judgements
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets
The Group's accounting policy for exploration and evaluation expenditure is set out above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available.

Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recovery of deferred assets
Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

y) Segment Reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) Segment Reporting (continued)

Intersegment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value on market interest rates.

2. RISK MANAGEMENT

(a) Interest rate risk

The Consolidated Entity and the Company's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities. The Consolidated Entity and the Company do not have a major exposure in this area as the interest rate earned on deposited funds does not vary greatly from month to month.

Consolidated Entity
2017

		Fixed interest rate maturing in					
	Floating Interest Rate	**1 year or less**	**1 to 5 years**	**More than 5 years**	**Non interest bearing**	**Total carrying amount at balance sheet**	**Applicable interest rate on 30 June**
	$	**$**	**$**	**$**	**$**	**$**	**%**
Financial Assets							
Cash and cash equivalents	834,757	-	-	-	-	834,757	0.0%
Trade and other receivables	-	-	-	-	192,472	192,472	-
Deposits	-	-	6,602	-	-	6,602	4%
Total Financial Assets	**834,757**	**-**	**6,602**	**-**	**192,472**	**1,033,831**	
Financial Liabilities							
Trade and other payables	-	-	-	-	862,800	862,800	-
Borrowings	-	261,510	-	-	-	261,510	10%
Other	-	-	-	-	57,516	57,516	-
Total Financial Liabilities	**-**	**261,510**	**-**	**-**	**920,316**	**1,181,826**	

2. RISK MANAGEMENT (continued)

Consolidated Entity
2016

	Floating Interest Rate	Fixed interest rate maturing in: 1 year or less	1 to 5 years	More than 5 years	Non interest bearing	Total carrying amount at balance sheet	Applicable interest rate on 30 June
	$	$	$	$	$	$	%
Financial Assets							
Cash and cash equivalents	27,720	-	-	-	-	27,720	2.1%
Trade and other receivables	-	-	-	-	144,209	144,209	-
Deposits	-	-	41,071	-	-	41,071	4%
Total Financial Assets	**27,720**		**41,071**	**-**	**144,209**	**213,000**	
Financial Liabilities							
Trade and other payables	-	-	-	-	645,898	645,898	-
Borrowings	4,214,663	-	-	-	-	4,214,663	6.45%
Other	-	-	-	-	57,920	57,920	-
Total Financial Liabilities	**4,214,663**	**-**	**-**	**-**	**703,818**	**4,918,481**	

(b) Credit risk exposures

The consolidated entity and the Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and note 21.

As the consolidated entity and Company does not presently have any debtors arising from sales, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Foreign currency risk management

The Consolidated Entity and the Company is exposed to fluctuations in foreign currencies arising from costs incurred at overseas mineral exploration tenements. To mitigate this risk the Company holds cash in the currency in which it forecasts the costs will be incurred.

2. RISK MANAGEMENT (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity and the Company will not be able to meet its financial obligations as they fall due. Financial obligations of the Consolidated Entity and the Company consist of trade creditors and other payables.
The Company has not conducted a sensitivity analysis on credit or interest rate risk as the amounts are not considered significant.

	Consolidated	
	2017	**2016**
	$	**$**
3. REVENUE		
Revenue from the operating activities		
Interest	528	767
	528	767

3(a) LOSS BEFORE INCOME TAX

Net Expenses	Consolidated	
The loss before income tax includes the following expenses:	**2017**	**2016**
	$	**$**
(i) Expenses:		
Depreciation	57,736	145,078
Rental expenses	2,291	2,373
	60,027	147,451

(ii) Finance costs and movements in derivative liability

Finance costs	96,935	483,085
Gain on Derivative Liability	(725,554)	-
	(628,619)	**483,085**

3(b) INCOME TAX EXPENSE

	Consolidated	
	2017	**2016**
	$	**$**
Loss from ordinary activities before income tax expense	(1,315,522)	(2,542,637)
(i) Prima facie tax benefit on loss from ordinary activities @27.5% (2016: 28.5%)	(361,769)	(724,652)
Tax effects of amounts which are not deductible (taxable)		
In calculating taxable income:		
Provisions	12,972	8,550
Non assessable (income) / expenses	(199,527)	137,679
Provision for impairment of VAT receivable	-	-
	(548,324)	(578,423)
Movement in unrecognised temporary Difference	(68,896)	(64,021)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	617,220	642,444
Income tax expense	-	-

(ii) Unrecognised temporary differences

Deferred Tax Assets (at 27.5%) (2016: 28.5%)		
Carried forward revenue tax losses	8,326,240	8,484,226
Carried forward capital tax losses	958,469	993,322
Black hole expenditure	177,154	158,593
	9,461,863	**9,636,141**

3(b) INCOME TAX EXPENSE (continued)

This benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or

(ii) the losses are transferred to an eligible entity in the consolidated entity, and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	Consolidated	
	2017	**2016**
4. TRADE AND OTHER RECEIVABLES	**$**	**$**
CURRENT		
Other debtors and prepayments	203,125	290,042
	203,125	290,042
NON CURRENT		
VAT receiveable	2,166,660	3,228,165
Provision for impairment	(2,166,660)	(3,228,165)
	-	-

VAT receiveables will be recoverable from the Indonesian Goverment once production commences. At 30 June 2017 VAT receiveables has been fully provided for.

As the reporting date, none of the other debtors were past due or impaired.

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity and are non-interest bearing. The other debtors do not contain any impaired receivables.

5. PROPERTY, PLANT AND EQUIPMENT	Consolidated 2017 $	2016 $
NON-CURRENT		
Land at Cost	69,186	71,292
Plant and equipment, at cost	351,658	362,366
Less: accumulated depreciation	(350,984)	(350,089)
	674	12,277
Motor vehicles, at cost	117,663	121,246
Less: accumulated depreciation	(112,077)	(104,980)
	5,586	16,266
Office equipment, at cost	716,849	738,676
Less: accumulated depreciation	(708,331)	(693,174)
	8,518	45,502
Total property, plant and equipment	**83,964**	**145,337**

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2017

Consolidated	Land at Cost $	Leasehold Improve. $	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Carrying amount at 1 July 2016	71,292	-	12,277	16,266	45,502	145,337
Effect of foreign currency translation	(2,106)	-	(108)	(391)	(1,032)	(3,637)
Additions	-	-	-			
Disposal	-	-	-			
Depreciation expense	-	-	(11,495)	(10,289)	(35,952)	(57,736)
Carrying amount at 30 June 2017	**69,186**	**-**	**674**	**5,586**	**8,518**	**83,964**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

2016 Consolidated	Land at Cost $	Leasehold Improve. $	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Carrying amount at 1 July 2015	69,005	-	53,092	28,468	128,395	278,960
Effect of foreign currency translation	2,287	-	2,364	1,129	5,675	11,455
Additions	-	-	-	-	-	-
Write-offs & reclassification	-	-	-	-	-	-
Depreciation expense	-	-	(43,179)	(13,331)	(88,568)	(145,078)
Carrying amount at 30 June 2016	**71,292**	**-**	**12,277**	**16,266**	**45,502**	**145,337**

	Consolidated 2017 $	Consolidated 2016 $
6. OTHER ASSETS		
NON CURRENT		
Deposits	6,602	41,071
Capitalised mineral exploration costs	12,872,178	13,254,246
	12,878,780	13,295,317

6.a.(i) Deposits

Deposits of $6,602 includes nil security deposit for office (2016: USD $ 10,471 of security deposit included)

6.a.(ii) Mining Exploration and Evaluation Expenditure

	Consolidated 2017 $	Consolidated 2016 $
Opening Balance	13,254,246	16,626,287
Additions during the year	-	-
Change arising from foreign currency movement	(382,068)	(3,372,041)
Provision for Impairment	-	-
Write Offs	-	-
Closing Balance	**12,872,178**	**13,254,246**

The Management believe that the carrying amount of the Group's capitalised expenditure and evaluation costs exceed its recoverable amount and therefore no further impairment charge is required as at 30 June 2017.

The estimated impairment will be reviewed and revised in future periods in alignment with movements in the gold price and any changes in the projected cost profile of the Sihayo Pungkut project.

7. TRADE AND OTHER PAYABLES	Consolidated 2017 $	2016 $
	862,800	**645,898**

There are no trade payables past due. The normal credit from suppliers is 30-60 days

8. PROVISIONS	Consolidated 2017 $	2016 $
CURRENT		
Employee Entitlements	26,900	26,900
	26,900	**26,900**
NON CURRENT		
Employee Entitlements and Other Provisions	478,573	425,551
	478,573	**425,551**
Employee Numbers		
Average number of employees during the financial year	25	24

9. BORROWINGS	Consolidated 2017 $	2016 $
Working capital (i)	261,510	536,985
Convertible note liabilities (ii)	-	2,735,677
Embedded derivatives (iii)	-	942,001
	261,510	**4,214,663**

i. The funds are borrowed from Provident Minerals Pte Ltd. Interest of 10% is charged on the loan. Gavin Caudle is a director of Sihayo Gold and Provident Minerals and the loan is therefore a related party transaction. Final maturity date is 30 June 2017 or any other date mutually agreed between the parties.

9. BORROWINGS (continued)

ii. In 2016 financial year, Sihayo Gold issued two series of convertible notes as follows:

a. Provident Note:

The terms of the convertible notes were as follows:

i. Issue date: 03 July 2015
ii. Maturity date: 5.00 pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
iii. Principal amount: USD $500,000
iv. Share price: $0.009
v. Loan facility fee: USD 15,000 (representing 3% of the pricipal amount and is capitalised on initial drawdown and will form part of the principal amount)
vi. Availability of Loan facility: Draw down available during the period of 3 July 2015 to 30 June 2016
vii. Conversion price: AUD /USD conversion provided by the RBA for the preceeding day the conversion note is given @70% of the 10 day volume weight average price (VWAP) price also taken from the preceeding date from when the conversion note is given.
viii. Interest: Coupon payment of 7% payable annually
ix. The Lender may elect to have the Outstanding Sum repaid to the Lender (In whole or part) by the issue to the Lender of Conversion Shares

b. Saratoga Note:

The terms of the convertible notes were as follows:

i. Issue date: 04 November 2015
ii. Maturity date: 5.00pm Australian Eastern Standard Time ('AEST') on the first anniversary of the initial drawdown date or such other date agreed by the parties
iii. Principal amount: USD $500,000
iv. Share price: $0.011
v. Loan facility fee: USD 15,000 (representing 3% of the pricipal amount and is capitalised on initial drawdown and will form part of the principal amount)
vi. Availability of Loan facility: Draw down available during the period of 26 October 2015 to 30 June 2016
vii. Conversion price: AUD /USD conversion provided by the RBA for the preceeding day the conversion note is given @70% of the 10 day volume weight average price (VWAP) price also taken from the preceeding date from when the conversion note is given.
viii. Interest: Coupon payment of 7% payable annually
ix. The Lender may elect to have the Outstanding Sum repaid to the Lender (in whole or in part) by the issue to the Lender of Conversion Shares

9. BORROWINGS (continued)

The embedded derivatives liability at the reporting date arising from the above Convertible Notes are as follows:

	Provident Note	Saratoga Note	Series Two (Saratoga)	Series Three (Provident)	Total
Value of note in AUD (at 30 June 2016)	691,182	691,182	691,182	691,182	
Underlying security spot price	$0.010	$0.010	$0.010	$0.010	
Risk free rate	1.59%	1.59%	1.59%	1.59%	
Volatility	100%	100%	100%	100%	
Conversion price (70% of average VWAP)	$0.0073	$0.0115	$0.0093	$0.0104	
Number of shares	94,651,438	59,889,571	74,320,645	66,356,700	
Value per Note (Intrisic Value)	$0.0031	$0.0049	$0.0007	$0.0045	
Total value of the derivative Liability	**$296,255**	**$293,874**	**$54,430**	**$297,442**	**$942,001**

The convertible note Liabilities at the reporting date arising from the above

	Provident Note	Saratoga Note	Series Two (Saratoga)	Series Three (Provident)	Total
Total value of debt liability	**$729,465**	**$676,145**	**$675,321**	**$654,746**	**$2,735,677**

10. CONTRIBUTED EQUITY

	Consolidated 2017 $	Consolidated 2016 $
Issued Capital		
Fully paid – ordinary shares 1,699,740,648 (2016: 1,136,037,339)	107,220,628	101,526,008
	107,220,628	**101,526,008**

Movements in ordinary share capital of the Company during the past 2 years were as follows:

		Number of Shares	$
01/07/2015	**Opening Balance**	**1,125,968,164**	**101,446,160**
14/06/2016	Conversion	10,069,175	79,848
30/06/2016	Shares issue costs	-	-
	Balance at 30 June 2016	**1,136,037,339**	**101,526,008**
06/07/2016	Shares issued	88,832,675	888,327
08/09/2016	Shares issued	361,554,591	3,615,546
07/03/2017	Shares issued	30,483,509	396,286
26/05/2017	Shares issued	82,832,534	1,076,823
30/06/2017	Shares issue costs	-	(282,362)
	Balance at 30 June 2017	**1,699,740,648**	**107,220,628**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options over ordinary shares
There is no option as at 30 June 2017 (2016: nil).

	Note	Consolidated 2017 $	2016 $
11. RESERVES AND ACCUMULATED LOSSES			
(a) Reserves			
Share based payment reserve	(i)	2,380,395	2,380,395
Foreign currency translation reserve	(ii)	10,996,708	10,688,793
		13,377,103	13,069,188

(i) Option Premium Reserve		
Balance at the beginning of the financial year	2,380,395	2,380,395
Options issued during the year	-	-
Balance at the end of the financial year	**2,380,395**	**2,380,395**

Options

There is no outstanding balance of options as at 30 June 2017.

	Consolidated 2017 $	2016 $
(ii) Foreign Currency Reserve		
Balance at the beginning of the financial year	10,688,793	13,920,809
Movement for the year	307,915	(3,232,016)
Balance at the end of the financial year	10,996,708	10,688,793

(b) Accumulated Losses		
Balance at the beginning of the financial year	(98,269,306)	(97,456,273)
Net losses attributable to members of Sihayo Gold Limited	(875,503)	(813,033)
Balance at the end of the financial year	**(99,144,809)**	**(98,269,306)**

12. PARENT ENTITY DISCLOSURE NOTE

	Parent	
	2017	**2016**
FINANCIAL POSITION	**$**	**$**
Assets		
Current assets	610,580	28,275
Non-current assets	122,814	122,814
Total assets	733,394	151,089
Liabilities		
Current liabilities	804,212	4,647,631
Non-current liabilities	-	-
Total liabilities	804,212	4,647,631
Net Assets Deficiency	(70,818)	(4,496,542)
Equity		
Issued capital	107,220,630	101,526,010
Accumulated losses	(109,768,543)	(108,499,650)
Reserves		
Option reserve	2,477,095	2,477,098
Total Equity	(70,818)	(4,496,542)
FINANCIAL PERFORMANCE		
Loss for the year	(1,268,893)	(2,243,907)
Other comprehensive income	-	-
Total comprehensive Loss	(1,268,893)	(2,243,907)

The parent entity did not enter into any guarantees in relation to the debts of its subsidiaries for 2016 or 2017.

The parent entity did not have any contingent liabilities for 2016 or 2017.

13. KEY MANAGEMENT PERSONNEL DISCLOSURE

Names and Positions held of parent entity key management personnel in office at any time during the financial year are:

Key Management Personnel

Misha Collins	Chairman
Gavin Caudle	Non Executive Director
Stuart Gula	Non Executive Director
Malcolm Paterson	Managing Director & CEO
Daniel Nolan	Company Secretary, Chief Financial Officer & Executive Director

There are no executives (other than those listed above) with authority for strategic decision and management.

Compensation for Key Management Personnel

	Consolidated	
	2017	**2016**
	$	**$**
Short-term employee benefits	414,753	513,504
Non monetary benefit	13,346	11,062
Post employment benefits	-	-
Share based payments	-	-
	428,099	**524,566**

14. REMUNERATION OF AUDITORS

	Consolidated	
	2017	**2016**
	$	**$**
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity		
Stantons International	40,062	36,028
Subsidiary Auditor	34,927	32,971
	74,989	**68,999**

15. CONTINGENT ASSETS AND LIABILITIES

There are no other contingent liabilities and contingent assets as at 30 June 2017.

16. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in the director's report and as detailed in note 13.

Wholly-owned Group

The wholly-owned group consists of Sihayo Gold Limited and its wholly-owned subsidiaries Inland Goldmines Pty Limited, Excelsior Resources Pty Limited, Oropa Technologies Pty Limited, Oropa Indian Resources Pty Limited and Oropa Exploration Pty Limited.

Sihayo Gold Limited owns 100% of the shares in Aberfoyle Pungkut Investments Pte Ltd (API). API holds a 75% interest in PT Sorikmas Mining, with the Indonesian Government mining company, P.T. Aneka Tambang holding the remaining 25%.

Transactions between Sihayo Gold Limited and related parties in the wholly-owned group during the year ended 30 June 2017 consisted of loans on an interest free basis with no fixed term and no specific repayment arrangements. Sihayo Gold Limited reversed provision for doubtful debts of $680,169 due to the movement in loan balance in its accounts for the year ended 30 June 2017 (2016: $ 3,543,355) in relation to the loans made to its subsidiaries. No other amounts were included in the determination of operating loss before tax of the parent entity that resulted from transactions with related parties in the group.

Other related parties

Aggregate amounts receivable from related parties in the wholly owned group at balance date were as follows:

	Parent Entity	
	2017	2016
	$	$
Non-current receivables	93,200,268	93,880,437
Provision for doubtful debts	(93,200,268)	(93,880,437)
	-	-

17. EXPENDITURE COMMITMENTS

Exploration Commitments
In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity were previously required to outlay lease rentals and to meet the minimum expenditure requirements of the Mines Departments.

PT Sorikmas Mining Commitments
Under the Contract of Work (CoW), the Company was required to spend certain minimum expenditures in respect of the contract area for the General Survey Period and Exploration Period as follows:

	US\$ / km^2
General survey period	100
Exploration period	1,100

As at 30 June 2017, PT Sorikmas Mining had fulfilled its expenditure commitments in respect of the General Survey Period and Exploration Period.

Operating Leases – Rent
The company currently has no operating leases as at 30 June 2017

Other Commitments
The Company currently has no other commitments as at 30 June 2017

Capital Commitments
There were no outstanding capital commitments not provided for in the financial statements of the Company as at 30 June 2017 or 30 June 2016.

Other Commitments

Parent Entity
Sihayo Gold Limited

Project	Principal Activities	Interest 2017	Interest 2016
Mt Keith	Mineral exploration	2% Royalty	2% Royalty

Controlled Entities:
Excelsior Resources Pty Limited

Project	Principal Activities	Interest 2017	Interest 2016
Mulgabbie	Mineral exploration	2% Royalty	2% Royalty

18. INVESTMENTS IN CONTROLLED ENTITIES

Controlled Entities:	Class of Shares	Cost of Parent Entity's Investment		Equity Holding	
		2017	2016	2017	2016
		$	$		
Inland Goldmines Pty Limited (incorporated in Australia)	Ordinary	583,942	583,942	100%	100%
Excelsior Resources Pty Limited (incorporated in Australia)	Ordinary	1,062,900	1,062,900	100%	100%
Oropa Technologies Pty Ltd (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Indian Resources Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Oropa Exploration Pty Limited (incorporated in Australia)	Ordinary	1	1	100%	100%
Aberfoyle Pungkut Investments Pte Ltd[a] (incorporated in Singapore)	Ordinary	697,537	697,537	100%	100%
PT Sorikmas Mining [b] (incorporated in Indonesia)		-	-	75%	75%
		2,344,382	2,344,382		

(a) When Sihayo Gold Limited issued 9,259,259 shares as consideration for exercising the option to acquire 100% of the shares in Aberfoyle Pungkut Indonesia Pte Ltd, it was assigned the vendors receivables from Aberfoyle Pungkut Investments Pte Ltd and PT Sorikmas Mining. This reduced the cost of the investment in Aberfoyle Pungkut Investments Pte Ltd.

(b) Aberfoyle Pungkut Investments Pte Ltd holds a 75% interest in PT Sorikmas Mining, with an Indonesian Government mining company PT Aneka Tambang holding the remaining 25%. The non-controlling interest in PT Sorikmas Mining equates to 25% of the nets liabilities of PT Sorikmas Mining of USD $28,107,785 being AUD $9,139,595 as at 30 June 2017 (2016: AUD $7,938,406).

19. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated	
	2017	2016
	$	$
Cash at Bank	834,757	27,720

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows cash includes cash and cash equivalents on hand and at call deposits with banks, and investments in money market instruments net of outstanding bank overdrafts.
It includes $25,898 held in trust.

(b) Reconciliation of operating loss after income tax to net cash flow from operating activities

	Consolidated	
	2017	2016
	$	$
Operating (loss) after income tax	(1,315,522)	(2,542,637)
Non Cash Items		
Depreciation	57,736	145,078
Loss on Derivative Valuation	(725,554)	-
Convertible note finance charge	96,935	483,085
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	121,385	103,377
Increase in payables	216,902	258,864
Increase / (decrease) in provisions	53,023	(46,514)
Increase in inventory	-	816
Net cash (outflow) from operating activities	(1,495,095)	(1,597,931)

20. EARNINGS PER SHARE

	Consolidated Entity 2017	Consolidated Entity 2016
(a) Basic and diluted loss per share (in cents)	(0.06)	(0.07)
(b) Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	1,533,172,344	1,126,408,347

As the company made a loss for the year, diluted earnings per share is the same as basic earnings per share.

21. FINANCIAL INSTRUMENTS

Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. The Group holds the following financial instruments:

	Consolidated 2017 $	Consolidated 2016 $
Financial Assets		
Cash and cash equivalents	834,757	27,720
Trade and other receivables	192,472	143,413
Security deposits	6,602	41,071
Total Financial Assets	**1,033,831**	**212,204**

	Consolidated 2017 $	Consolidated 2016 $
Financial Liabilities		
Trade and other payables	862,800	645,898
Loan Payable	261,510	536,985
Convertible notes & Derivatives	-	3,677,678
Other liabilities	57,516	57,920
Total Financial Liabilities	**1,181,826**	**4,918,481**

21. FINANCIAL INSTRUMENTS (continued)

Credit Risk

The Company's maximum exposure to credit risk at the reporting date was as detailed below:

	Consolidated	
	2017	2016
	$	$
Financial Assets		
Cash and cash equivalents	834,757	27,720
Trade and other receivables	203,125	290,042
Other financial assets	-	-
Security deposits	6,602	41,071
Total Financial Assets	**1,044,484**	**358,833**

Impairment Losses

At 30 June 2017 and 30 June 2016, no additional impairment was made in relation to VAT receivables, however there was a reversal of prior impairment provision. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered by the economic entity.

Foreign currency risk management

The consolidated entity and company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Sihayo Gold Limited has opened a US Bank Account to manage exchange rate fluctuations.

The carrying amount of the consolidated entity's foreign currency denominated assets and liabilities at the reporting date in Australian dollars is as follows:

	Liabilities		Assets	
	2017	2016	2017	2016
	$	$	$	$
Australian Dollars	376,292	269,526	435,556	291,139

21. FINANCIAL INSTRUMENTS (continued)

The table below details financial assets and liabilities of the consolidated entity exposed to foreign currency risk.

	Consolidated	
	2017 $	2016 $
Cash and cash equivalents		
SGD	6	67
USD	592,214	1,357
Other Receivables		
USD	146,372	215,077
Trade and other payables		
SGD	5,000	5,000
USD	285,680	196,707

Sensitivity Analysis

The table below summarises the impact of a 10 percent weakening/strengthening of the Australian dollar against the US dollar and the Singaporean dollar in the movement of the financial assets and liabilities listed in the previous table.

		Consolidated	
Impact on post-tax profit and accumulated losses	**AUD**	**2017 $**	**2016 $**
AUD / USD	+10%	59,982	6,626
AUD / USD	-10%	(59,554)	(6,871)
SGD / USD	+10%	(471)	(317)
SGD / USD	-10%	472	637

		Consolidated	
Impact on equity reserve only	**AUD**	**2017**	**2016**
USD	+10%	6,634	6,626
USD	-10%	(6,205)	(6,871)
SGD	+10%	(471)	(317)
SGD	-10%	472	637

22. EVENTS OCCURRING AFTER REPORTING DATE

On 21 September 2017, the Company announced that the Prospectus had been sent to Shareholders to issue a maximum of 154,521,879 shares to raise AUD $2,163,306. The offer was made as a non-renounceable entitlement issue of one (1) share for every eleven (11) shares held by Shareholders registered at the Record Date at an issue price of $0.014 per Share. All the shares offered under the prospectus will rank equally with the shares on issue at the date of the prospectus.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription ($)	%
1.	Expenses of the Offer	130,859	6.05%
2.	Repayment of loans	264,852	12.24%
3.	Feasibility Study Review	1,503,019	69.48%
4.	Working Capital	264,578	12.23%
	Total	**2,163,306**	**100%**

23. SEGMENT INFORMATION

Primary reporting – geographical segments
The geographical segments of the consolidated entity are as follows:

Revenue by geographical region
Revenue attributable to the Group disclosed below, based on where the revenue is generated from:

	30 June 2017 $	30 June 2016 $
Australia	528	767
Africa	-	-
South East Asia	-	-
India	-	-
Other foreign countries	-	-
Total revenue	528	767

23. SEGMENT INFORMATION (continued)

Segment result by geographical region

	30 June 2017	30 June 2016
	$	$
Australia	271,076	(811,632)
Africa	(717)	(742)
South East Asia	(1,586,084)	(1,730,709)
India	(325)	(321)
Total Expenses	(1,316,050)	(2,543,404)
Segment Result	**(1,315,522)**	**(2,542,637)**

Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2017	30 June 2016
	$	$
Australia	1,586,096	149,433
Africa	21,493	21,650
South East Asia	12,393,035	13,587,331
India	2	2
Total Assets	14,000,626	13,758,416

Liabilities by geographical region

The location of segment liabilities by geographical location of the assets is disclosed below:

	30 June 2017	30 June 2016
	$	$
Australia	(804,211)	4,647,634
Africa	-	-
South East Asia	(883,088)	723,298
India	-	-
Total Liabilities	(1,687,299)	5,370,932

DIRECTORS’ DECLARATION

DIRECTORS’ DECLARATION

In accordance with a resolution of the directors of Sihayo Gold Limited, I state that:

1. In the opinion of the directors:

(a) The financial statements, notes and the additional disclosures included in the directors’ report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company’s and consolidated entity’s financial position as at 30 June 2017 and of their performance for the year ended on that date; and

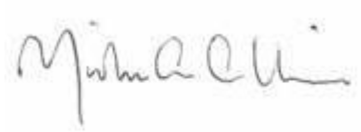
   (ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act* 2001 for the financial year ended 30 June 2017.

On behalf of the Board



Misha Anthony Collins
Chairman

29 September 2017

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIHAYO GOLD LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sihayo Gold Limited, the Company and its subsidiaries, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 1(a) to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 30 June 2017, the Group had cash and cash equivalents of $834,757, net working capital deficiency of $170,844 and incurred a loss after income tax of $1,315,522.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Key Audit Matters

In addition to the matter described in the material uncertainty related to going concern, we have determined the matter described below to be a key audit matter to be communicated in the report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Mineral Exploration and Evaluation Expenditure	
As at 30 June 2017, Mineral Exploration and Evaluation Expenditure totals $12,872,178 (refer to Note 6 of the financial report). The carrying value of Mineral Exploration and Evaluation Expenditure is a key audit matter due to: ▪ The significance of the total balance (92% of total assets); ▪ The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and ▪ The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities particularly in relation to the Pungkut Project and corroborated with interviews with management. The documents we evaluated included: ▪ Minutes of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; and ▪ Net Present Value (NPV) Model for the Pungkut Project iv. We reviewed the NPV Model and conducted a sensitivity analysis to analyse the effects of changes in key variables on the projects viability and carrying value. v. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Sihayo Gold Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director
West Perth, Western Australia
29 September 2017

ADDITIONAL SHAREHOLDER INFORMATION

The following additional information dated 20 September 2017 is provided in compliance with the requirements of the Australian Securities Exchange Limited.

1 DISTRIBUTION OF LISTED ORDINARY SHARES AND OPTIONS

(a) Analysis of numbers of shareholders by size of holding.

Distribution	No. of shareholders	Units	% off issued Capital
1-1000	116	30,602	0.00%
1,001-5,000	73	185,116	0.01%
5,001-10,000	45	351,171	0.02%
10,001-100,000	239	11,438,020	0.67%
100,001 and above	238	1,687,735,739	99.29%
Total	**711**	**1,699,740,648**	**100.00%**

(b) There were 189 shareholders holding less than a marketable parcel.

(c) The percentage of the total of the twenty largest holders of ordinary shares was

2 TWENTY LARGEST SHAREHOLDERS AND OPTION HOLDERS

Names	No. Of shares	%
PROVIDENT MINERALS PTE	481,358,840	28.32%
HSBC CUSTODY NOM AUST	287,998,379	16.94%
PT SARATOGA INVESTAMA	198,126,817	11.66%
GOLDSTAR MINING ASIA	90,728,760	5.34%
LION SELECTION GRP LTD	46,616,412	2.74%
CITICORP NOM PL	45,712,955	2.69%
GOLDSTAR ASIA MINING	41,030,239	2.41%
NATIONAL NOM LTD	34,207,583	2.01%
DBS VICKERS SEC SINGAPORE	32,054,117	1.89%
FATS PL	31,712,787	1.87%
YAW CHEE SIEW	31,515,151	1.85%
ASIA LION LTD	30,122,242	1.77%
PT SARATOGA INVESTAMA	28,420,378	1.67%
JP MORGAN NOM AUST LTD	22,861,655	1.35%
INSIGHT CAPITAL MGMT	21,436,655	1.26%
LEONG CAROLINE	16,500,000	0.97%
BUTLER DAVID ROBERT	15,639,499	0.92%
PETTERSSON BRADLEY JOHN	15,425,000	0.91%
PT TEKNOLOGI RISET GLOBAL	14,545,455	0.86%
BJARNASON JON NICOLAI H	10,714,286	0.63%
Total	**1,496,727,210**	**88.06%**

3 SUBSTANTIAL SHAREHOLDERS

An extract from the Company's register of substantial shareholders is set out below:

Ordinary Shares Held Name	Number	Percentage
Provident Minerals Pte Ltd	481,358,480	28.32%
HSBC Custody Nom Aust Ltd	287,998,379	16.94%
PT Saratoga Investama	198,126,817	11.66%
Goldstar Mining Asia	90,728,760	5.34%

4 VOTING RIGHTS

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

The Company's options have no voting rights.

5 RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the Australian Securities Exchange Limited, Perth as restricted securities.

6 SECURITIES EXCHANGE LISTING

Sihayo Gold Limited shares are listed on the Australian Securities Exchange Limited. The home exchange is the Australian Securities Exchange (Perth) Limited.

SUMMARY OF TENEMENTS HELD BY THE GROUP

FOR THE YEAR ENDED 30 JUNE 2017

Project Name	Tenement Date	Approval Date	Expiry	Area	Equity %
OROPA INDIAN RESOURCES					
INDIA					
Block D-7		22.01.00	N/A	4,600km^2	9[1]
PT SORIKMAS MINING					
INDONESIA					
Pungkut	96PK0042	31.05.96	N/A	66,200ha	75
SIHAYO GOLD LIMITED					
WESTERN AUSTRALIA					
Mt. Keith	M53/490	11.06.04	10.06.25	582ha	0[2]
	M53/491	11.06.04	10.06.25	621ha	0[2]
EXCELSIOR RESOURCES PTY LTD					
Mulgabbie	ML28/364	25.03.09	24.03.30	54.3ha	0[2]
PL28/1078	22.09.08	21.09.12		98.0ha	0[2]
PL28/1079	22.09.08	21.09.12		143.7ha	0[2]
PL28/1080	22.09.08	21.09.12		140.7ha	0[2]
PL28/1081	22.09.08	21.09.12		191.4ha	0[2]
PL28/1082	22.09.08	21.09.12		120.0ha	0[2]
Gullewa	M59/394			200.0	0 [3]

NOTES

[1] Option to increase interest to 18%

[2] 2% net smelter royalty